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SUBJECT: NORWEGIAN OIL ADVISOR IN SUDAN

REF: KHARTOUM 1921

¶1. (SBU) Summary: Recently arrived Norwegian petroleum consultant Einar Risa met with Emboff and provided an overview of his work in Sudan. Risa is interested in coordinating with other donors. He provided some details of sales of Sudanese oil, mentioned some technical problems with production from new fields, and confirmed that shipments of oil from Blocks 3 and 7 began in late August. End summary.

Norwegian Sponsored Oil Consultant

2.(U) Econ Officer met with Mr. Einar Risa, a Norwegian petroleum consultant, on August 31. Risa has been hired by the Norwegian government to advise the GNU and GOSS on petroleum matters. Risa outlined his main objectives as: understanding how the petroleum sector works, advising on how Norway can become involved, and, acting as an advisor to help in any way possible. He wants to coordinate his work with the efforts of other donors, in particular the U.S.

¶3. (U) While Risa is new to Sudan, he has experience in advising in a similar capacity in East Timor. He has also worked as a Norwegian diplomat and in industry, with the Norwegian oil company Statoil. Risa said that his initial working assumption is that Sudan could use advice on policy and legal structure and on exploration. He suggested that if U.S. sanctions were not a factor, there would be opportunities for U.S. firms to provide consulting services to Sudan. His initial impression is that the oil industry executives and government officials in Khartoum have considerable experience and are in general competent. Officials in the South have much less experience.

Petrodar's Heavy Oil Shipped in August

¶4. (SBU) Risa provided some general information on the Sudan's petroleum sector. He noted that the intention is to export two grades of oil from Sudan. The production from the Greater Nile Operating Petroleum Consortium (GNOPC) is sold as Nile blend, which has fetched an average price \$62 per barrel in the past month. The production from the Petrodar consortium, which is just coming on-stream now, will be sold as Dar blend, and will probably sell at \$10 discount to the benchmark price. Risa stated that the first shipment of Petrodar's production was shipped in late August. The initial shipment was heavier than the planned Dar blend. He noted some of the technical problems involved handling the output, due to the very heavy character of the Petrodar production. The oil currently being produced is so viscous it requires heating or mixing with a solvent to be pumped through the pipeline. Risa said that as production from other fields in Blocks 3 and 7 comes into production it will be blended to create the Dar blend.

15. (SBU) Commenting on the figures provided by the government on oil revenues (reftel), Risa said that his initial review of the figures leads him to believe the figures for administrative costs and transportation are high. He had looked at the transportation costs and found that the attribution of costs for pipeline was done on a basis that was typical in the industry, but the figures were on the high side. Risa said that sales of Sudan's production are currently done by the Ministry of Energy and Mining, with sales conducted by bidding for lots. In Risa's opinion, while this is not a bad system, it may not maximize revenue. Risa said that his preference would be for the separation of policy and operations, thus he would suggest that the sales be handled by the state oil company, while the Ministry of Energy and Mining restricts itself to policy.

16. (U) When asked what the U.S. Government could do to assist in the petroleum sector, Risa suggested that USAID could help by offering training in the U.S. for personnel in the petroleum sector.

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